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*Mr. Sullivan
n.B.*

MEMORANDUM TO: EIC Secretariat

27 June 1957

FROM: Chairman, EIC Subcommittee on Chemicals

SUBJECT: Annual Report for Fiscal Year 1957, Subcommittee on Chemicals

1. The EIC Subcommittee on Chemicals held no formal meetings during the fiscal year 1957. The last meeting was held on 26 June 1956 at which time the Subcommittee considered the Soviet Six-Phase Exchange Program and made recommendations regarding Soviet proposals for chemical exchanges to the IAC Standing Committee on Exchanges.

2. The inactivity of the Subcommittee during the fiscal year is believed to have been the result primarily of two circumstances: (a) The lack of identical interests on the part of the IAC Agencies with regard to chemical intelligence. For more than a year CIA has been the only organization in Washington broadly interested in economic intelligence on the chemical industries of the Sino-Soviet Bloc. Army, Navy, Air Force and the Department of State have specialized responsibilities in fields peripheral to the chemical industry and have tended in general to rely on the chemical estimates made by CIA. The various agencies, each working in its specialized field, apparently have felt little need during this particular period for the formal, panel type of coordination provided by the EIC Subcommittee. (b) The dormant state of affairs regarding exchange delegations, consideration of which provided the major activity for the Subcommittee during fiscal year 1956.

3. No EIC papers dealing solely in the field of chemicals were prepared and no reports of the various agencies were reviewed by the Subcommittee. There were no reviews of proposals for external research and no projects were undertaken at the direction of the EIC or were proposed to the EIC by the Subcommittee.

4. No list of critical intelligence deficiencies has been drawn up since January 1955, indicating that this problem should receive the early attention of the Subcommittee in fiscal year 1958. The existing list of deficiencies is out-of-date as a result of changing circumstances and research completed by various agencies. CIA/ORR during fiscal year 1957 completed research projects on fluorine compounds, ethyl alcohol, and plastics, which were listed as critical intelligence deficiencies in the 1955 survey.

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5. With the exception of its role with regard to the exchange delegations, the Subcommittee on Chemicals has not realized its potential as a medium for inter-agency review and coordination. In spite of the diversity of interests of the member agencies in the field of chemical intelligence, it is felt that the Subcommittee can serve a number of useful purposes and that more effort than in the past should be directed to the realization of its maximum potential.

6. As a result of inactivity during the past year, the future program of the Subcommittee is undecided and will not be resolved until the next meeting which probably will take place sometime in August 1957.

/s/ 25X1A9a



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